

WT 97-82

PRB
attention

THE WHITE HOUSE
WASHINGTON

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AUG 18 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

MEMORANDUM FOR:

FCC

25

FROM:

SUE J. SMITH *SJS*
DIRECTOR, OFFICE OF AGENCY LIAISON

SUBJECT:

REFERRAL OF WHITE HOUSE BULK MAIL

Thank you for your continued hard work in ensuring responses to the Presidential letters and inquiries forwarded to your agency. The volume of mail that the President and Mrs. Clinton receive still remains unprecedented.

Please return any misreferrals to me at the following address:

Ms. Sue J. Smith
Director, Office of Agency Liaison
Room 6, OEOB
The White House
Washington, D.C. 20500

If you have any questions, please do not hesitate to call me at 202/456-7486.

Thank you very much.

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confidential **fax**

To: President William J. Clinton
Company:
Fax Number: +1 (202) 456-2461
Business Phone:

From: United Calling Network, Inc.
Fax Number: +1 (213) 939-2627
Business Phone:
Home Phone:

Pages: 3
Date/Time: 6/26/97 1:14:47 PM
Subject: United Calling Network, Inc.

Dear President Clinton - Attached you will find our company's response to the FFC's Public Notice of WT Docket 97-82 of June 2, 1997. Your immediate attention to this matter would be greatly appreciated.



FCC

United Calling Network, Inc.
United Calling Card, Inc.
United Cellular Services A Licensed Public Utility U-4127-C

SOLUTIONS FOR THE FUTURE

Thursday, June 26, 1997

*President William Jefferson Clinton
The White House
Washington, D.C.*

Re: Comments on Public Notice – WT Docket 97-82

Dear President Clinton:

United Calling Network, Inc. ("UCNI") is a "minority" owned licensed Public Utility and a reseller of Personal Communication Services ("PCS"). Presently, the resale opportunity in cellular and the A and B block PCS winners is not competitive and we look forward to true competition being offered in the C-block. In fact, we intend to provide PCS equipment and service in every state and city in which NextWave has secured licenses, since NextWave intends to offer only wholesale minutes and is not competing with any of its resale customers.

This letter is a response to Public Notice of the Federal Communications Commission ("FCC"), dated June 2, 1997. We realize that the FCC is attempting to assist the C-block auction licensees by restructuring the license payments. It is also very apparent that uncertainty has caused even greater hardships on the C-block licensees than the license payments themselves as displayed by Chase Telecom's most recent postponement of their high-yield offering.

UCNI, for its own selfish reasons, is concerned about the viability of C-block. Although UCNI is not a C-block licensee, this uncertainty of future payments to the FCC has a "domino effect" on our business. As a reseller, building and creating a network of agencies and dealerships were based upon certain factors. The amount and timing of license payments to the FCC was a

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OFFICE 213-939-3630 FAX 213-939-2627**

critical factor for the licensees to build their network.

UCNI is a corporation that truly embodies the "spirit" of the C-block or "Entrepreneur" block auction, as we are solely owned by a minority, we also qualify as a "small business" and we are "entrepreneurs." However, we do not want or expect any preferential treatment from the FCC or any government body. Being a minority-owned small business does not mean that we need hand-outs or protection by "Big Brother." The purpose of the C-block auctions was to give minorities, small business and entrepreneurs a level playing field with the giant incumbent telecommunication companies.

In order for all licensees to begin budgeting for their respective futures and allocating funds for payments of licenses, they require swift, immediate action. UCNI had expected to launch PCS service as early as June of 1997 but these delays have pushed projected launch dates back as far as six (6) months. Unlike the telecommunications "giants" we cannot afford any more set backs. Otherwise, we may end up in the same situation as Pocket Communications, Inc..

We recognize that the purpose of Public Notice WT Docket 97-82 in suspending payment on C-block auction licenses is an attempt to alleviate the financial burden on capital strapped licensees. However, without some official indication of the schedule of future payments, it will create further havoc on these minority-owned small businesses.

We urge the FCC to take quick and decisive action in resolving this issue. Time is not the ally of the small business entrepreneurs, it is the ally of the cash-generating telecommunications incumbents.

Your anticipated courtesy, cooperation and prompt attention to this matter are greatly appreciated.

Very truly yours,

Phillip Van miller

*Phillip Van Miller, CEO
United Calling Network, Inc.*

cc - Vice President Albert Gore, Jr.
FCC Chairman Reed E. Hundt
FCC Commissioner James H. Quello
FCC Commissioner Rachelle B. Chong
FCC Commissioner Susan Ness
FCC Secretary William F. Caton
Representative Thomas J. Bliley
Representative Edward Markey
Representative W.J. Tauzin
Representative John Dingell
Senator James M. Talent
Senator Christopher Bond
Senator John McCain
Senator Ernest Hollings
Senator Conrad Burns
Eric M. Nakasu, Esq., Chief General Counsel UCNI

MAGNACOM WIRELESS, LLC
4317 NE Thurston Way
Vancouver, WA 98682
(360) 604-2870

WT 97-82

August 13, 1997

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AUG 18 1997

VIA HAND DELIVERY

Mr. William Caton
Secretary
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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Re: **C Block Restructuring Options**
Amendment of Part 1 of the Commission's Rules
~~WT 97-82~~ WT 97-82, DA 97-1152

Dear Mr. Caton:

Magnacom Wireless, LLC ("Magnacom"), a C Block PCS licensee, writes in support of the C Block restructuring option that will permit prompt delivery of PCS to the public.

Magnacom does not favor the "all-or-nothing" amnesty plan currently being considered by the Commission. Magnacom urges the FCC to adopt the following four-element plan to solve the problem of C and F block financial distress. This plan has previously been suggested to the Commission by AmeriCall International.

- Licensees should be permitted to disaggregate up to 15 MHz for one or more authorizations in exchange for debt forgiveness on the returned portion:
 - Upfront and installment payments already made for the returned blocks should be applied toward interest or principal payments for the retained blocks, and if toward principal, interest would be recalculated accordingly.
 - Licensee should be allowed to participate in reauction, but not for the authorizations it returned.
 - Licensee would not be permitted to hold the returned licenses until expiration of one year after return date.
- The FCC should clarify that there will be no cross-default;

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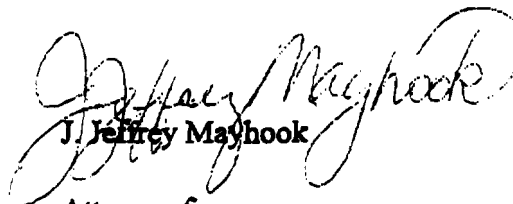
Mr. William Caton
August 13, 1997
Page 2

- The Commission should eliminate limits on passive investment from any single investor outside the control group;
- An annual payment schedule should be established.

This approach will retrain the integrity of the auction process by requiring upfront payment accreditation toward principal (not otherwise due for years) in return for amnesty. It avoids massive financial restructuring, yet provides certainty to both the Commission and investors.

Magnacom supports prompt adoption of this plan.

Sincerely,



J. Jeffrey Mayhook

Attorney for

MAGNACOM WIRELESS, LLC
4317 NE Thurston Way
Vancouver, WA 98662
(360) 604-2870

cc: Rudolfo L. Baca
Jackie Chorney
Jon C. Garcia
David R. Siddall
Suzanne K. Toller



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AUG 18 1997

August 7, 1997

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Notice of Ex Parte Communication
Broadband PCS C and F Block Installment
Payment Restructuring; WT Docket No. 97-82

Dear Mr. Caton:

NextWave Telecom Inc.

Yesterday representatives of NextWave Telecom Inc. ("NextWave" or "company") met with Jon Garcia, Michael Riordan, David Shiffrin, Jerome Fowlkes, and Sandeep Taxali of the Commission to discuss issues in the above-referenced proceeding. The views expressed by NextWave's representatives reflect the positions and ideas previously presented to the Commission in the company's written filings which have already been entered into the docket.

In accordance with Section 1.1206 of the Commission's rules, an original and two copies of this filing are being submitted to you today. Please direct any questions concerning this matter to me or Janice Obuchowski at 202-347-2771.

Sincerely,

Michael R. Wack
NextWave Telecom Inc.

1101 Pennsylvania Avenue, N.W.
Suite 805
Washington, D.C. 20004
Tel. 202.347.2771
Fax. 202.347.2822
www: nextwavetel.com

cc: Jon Garcia
Michael Riordan
David Shiffrin
Jerome Fowlkes
Sandeep Taxali

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**NextWave's C-block Restructuring
Presentation
to the
Federal Communications Commission**

Washington, D.C.

August 5, 1997



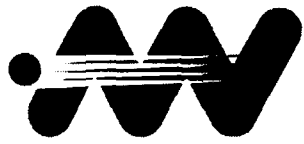
NextWave Overview

- **Control Group personal investment of \$14M - a very substantial part of control Group assets and the largest investment by any Control Group among all DEs**
- **Approximately \$600M+ private placement with over 90 small and large investors (many individual investors and pension funds)**
- **Experienced management team**
- **Carriers' carrier strategy with 36+ billion minutes pre-sold**
- **\$1.5 billion in firmly committed vendor financing**
- **Can bring meaningful competition to the market through the nationwide footprint to serve up to 163 million Americans**



Network Build-out Activities

- **Over \$80 million invested in the build-out of seven regional PCS networks**
- **Four markets 70%-75% complete**
 - **Boston, Orlando, San Diego, San Antonio**
- **Four markets 35%-40% complete**
 - **New York, Los Angeles, Washington, Baltimore**
- **Four markets 15%-20% complete**
 - **Houston, Cleveland, Tampa, others**
- **Three trial systems operational in Washington, D.C., San Diego and San Antonio**
- **Phase One: 55 Million POPs in 1998**
- **Phase Two: 95 Million POPs in 1999**



NextWave's Public Market Financing Efforts

- **NextWave has made every effort to access the public capital markets**
 - **registration statements (S-1) filed with the SEC in 6/96 for a concurrent \$500 million equity and high yield offering with Merrill Lynch, Lehman Brothers, Bear Stearns, Prudential Securities, CIBC and ING Barings as the underwriting team**
 - **registration statements (S-1) filed with the SEC in 2/97 for a concurrent \$500 million equity and high yield offering with Smith Barney, Lehman Brothers, Bear Stearns, Prudential Securities, CIBC and ING Barings as the underwriting team**
 - **Reg S equity offering in 5/97 in conjunction with ING Barings and Prudential Securities**



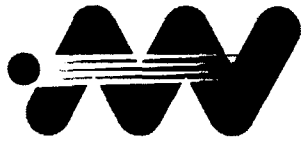
Wireless Paradigm Shifts

- **Passage of Telecom Reform Act of 1996**
- **Interconnection costs slashed**
- **Bundling**
- **Branding**
- **Differentiation through AIN/Enhanced Services**
- **CDMA Commercialized**
- **Wireless local loop and Area-Based Services will capture a greater share of the wireline market**
- **WTO Agreement removing international barriers**

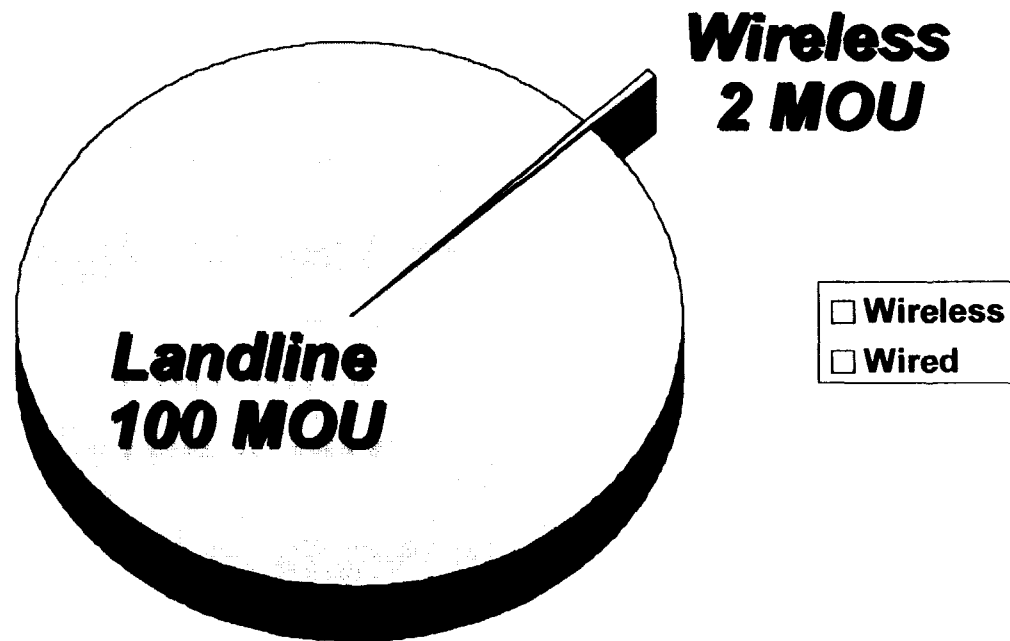


Critical Drivers of Success

- **Establish National Footprint via Affiliation Agreements & Strategic Partnering**
- **Carriers' Carrier Business Strategy**
- **Select Optimal Technology**
- **Raise Capital**
- **Vendor Financing**
- **Hire Experienced Wireless Talent**
- **Execute**



But the True Measure of Penetration is MOUs



***For every wireless minute consumed,
100 landline minutes are consumed***



Tremendous Growth Ahead

- **Wireless MOU growth from 34 billion to 500-1000 billion MOU (1500%-2500%)**
- **Subscriber growth from 50 million to 110-130 million (over 100%)**

“Technology Flashpoint”

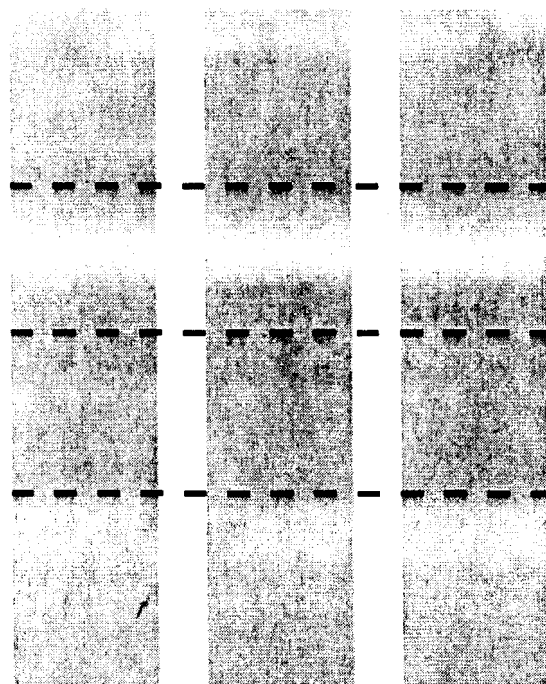


The Computer Industry is the Harbinger for Telecom

Vertical

Proprietary Computer
Providers (thru 1980's)

Horizontal



IBM Sperry Unisys

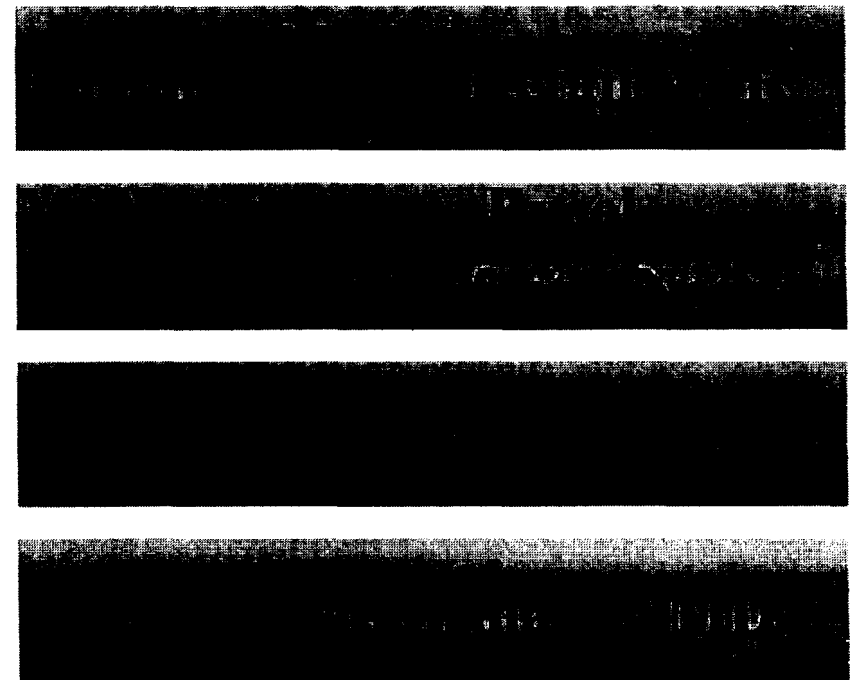
Distribution

Applications/
Content



Operating
System

Processor

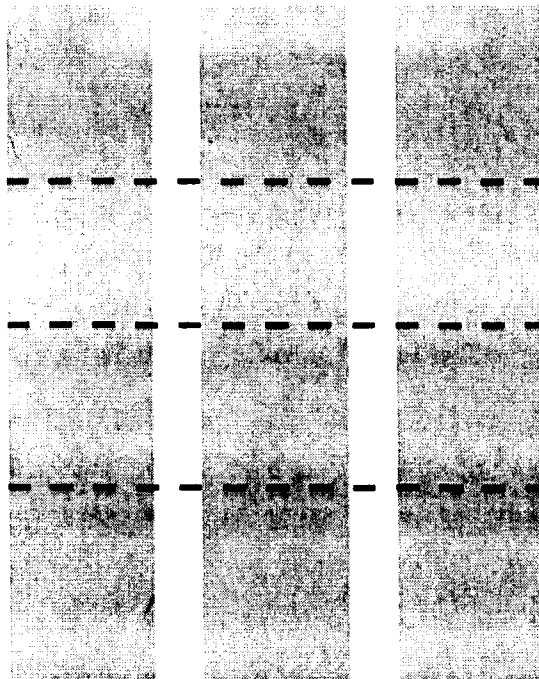


Open Architecture



10X Forces are reshaping Telecom...

Vertical



1 2 3
Telecom Providers

Distribution

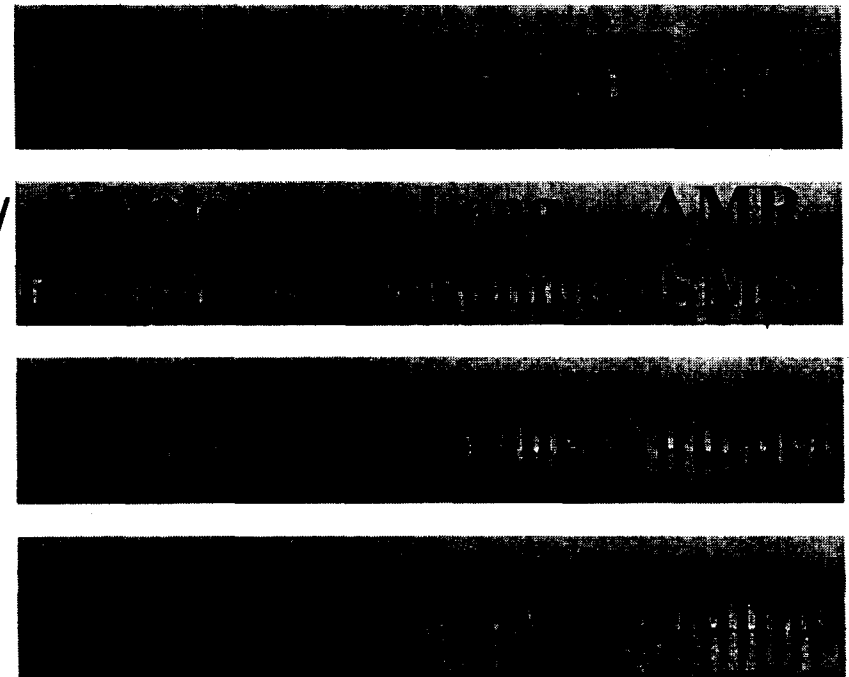
Applications/
Content



Enhanced
Services

Network

Horizontal



...& new value will be created



Treatment of Resellers

- **Wholesale rates not friendly to distributors**
- **New services offered to carrier's own retail channel before given to reseller**
- **Zero service differentiation provided**
 - **“*” codes frowned upon**
- **No Interconnection**
- **No customer service & customized directory services**



Result of Carrier Treatment of Resellers

- **Very little margin**
- **No corporate identity**
- **No product or service differentiation**
- **Early stages of reselling does not cover overhead**
- **5-year sunset clause on resale**



NextWave's Carriers' Carrier Strategy

- **Create a national network for the provision of wireless products and services to existing and emerging branded telecom retailers**
 - **Number Ownership by Reseller**
 - **No Channel Conflict at Retail/Brand Level**
- **Support resellers in their differentiation strategies**
- **Open network architecture with the network elements priced ala carte (e.g., resellers can tailor services)**
- **Price & margin protection**



NextWave's Carriers' Carrier Strategy (Cont'd)

- **Reseller's can implement their own Enhanced Services Platform**
- **Attractive interconnection arrangements**
- **Business risk equally spread between NextWave and reseller's shareholders**
- **Reseller's can invest more in sales & marketing**
- **NextWave provides a competition multiplier effect**



C-block Promise

-
- **C-block licensees collectively possess comparable talent to national carriers**
 - **C-block licensees formed their companies based on the assumption that the Commission desires new competition in the form of small businesses and entrepreneurs in the wireless market**
 - **NextWave has made the fifth largest payment to the FCC among all the bidders in all PCS auctions**
 - **NextWave's business plan and business strategy is viable and financable**
 - **C-block licensees can execute on their business plans given a reasonable opportunity by the Commission**

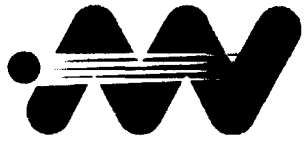
After having accomplished so much to date, C-block licensees, who have raised and paid the FCC over \$1 billion, the US tax payers and the Commission deserve a constructive and positive restructuring outcome



C-block Promise (Cont'd)

- At the time of C-block auction, major investment banks believed that the C-block licensees are financable given the right management team, a viable business strategy and favorable market conditions
- Dramatic changes in market conditions since 5/96
- We need more time to raise the required financing through a better cycle for wireless capital markets
- *NextWave has already been penalized:*
 - time-value of \$474 million down-payment
 - over \$80 million invested in the build-out of the PCS network at risk today

Anti-competitive behavior of the incumbent wireless operators is the primary cause of C-block's delayed access to the capital markets



Time is of the Essence

-
- **Pocket bankruptcy froze the worldwide financial markets for the C-block**
 - **FCC issuance of PN on restructuring put all forms of financing for C-block on hold until the restructuring process is completed**
 - **C-block has been stigmatized (press has often misrepresented our proposal to the FCC and the C-block story)**
 - **Statements made by the investment bankers to the FCC have made it very difficult for the C-block to raise any meaningful financing prior to the completion of restructuring process**
 - **Without the Commission's intervention, the C-block perception primarily created by the incumbents will be turned into reality**



Restructuring Options

- Do Nothing
 - most C-block licensees will be in a great deal of trouble and ultimately in bankruptcy
- Forfeiture of Licenses
 - will force a large number of C-block licensees into bankruptcy
- Reauction
 - as described
- Restructure
 - as described